

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 FEA-01 ACDA-07

IO-13 L-03 NSC-05 NRC-05 OES-06 DODE-00 ERDA-05

PA-01 PRS-01 /109 W

-----142259Z 079894 /12

P 140907Z APR 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 3258

AMEMBASSY PARIS

C O N F I D E N T I A L SEOUL 3033

DEPARTMENT PASS TO EXIM BANK AND ERDA

EO 11652: GDS

TAGS: EFIN MNUC BENC ENRG TECH FR GW KS

SUBJ: FRENCH PROMOTION OF FRAMATONE BID FOR NUCLEAR UNITS 5 & 6

REF: SEOUL 2931

SUMMARY: FRENCH GEARING UP FOR MAJOR EFFORT IN ORDER TO WIN NUCLEAR UNITS 5 AND 6 BID SCHEDULED FOR AWARD AUGUST 1977. DIFFERENCES BETWEEN ROK GOVERNMENT AND KOREA ELECTRIC CO. (KECO) REACTOR SUPPLIER PREFERENCES ARE CRYSTALIZING RESPECTIVELY ALONG LINE OF POLITICAL LEVEL DESIRE TO DIVERSIFY TECHNOLOGY-FUEL SOURCE, AND KECO, DESIRE TO OBTAIN MOST RELIABLE SUPPLIER.

1. FOLLOWING UP DEPUTY PRIME MINISTER NAM DUCK-WOO'S MARCH 31 - APRIL 1 PARIS DISCUSSIONS WITH FRENCH ON ECONOMIC COOPERATION, INCLUDING SUBJECT POWER REACTORS, THE FRENCH ARE PROCEEDING WITH A NUMBER OF INITIATIVES HERE TO STRENGTHEN THEIR IMAGE AS PRODUCER AND POTENTIAL SUPPLIER OF ADVANCED POWER AND INDUSTRIAL TECHNOLOGY.

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AMONG THEIR ACTIVITIES WE ARE AWARE OF THE FOLLOWING:

(A) TWO ELECTRICITE DE FRANCE (EDF) DELEGATES ON ECONOMICS OF ELECTRIC POWER SYSTEM PLANNING, MSSRS. ALBERT AND CARAZON, WILL VISIT KOREA DEVELOPMENT INSTITUTE (KDI) BEGINNING APRIL 24. ALBERT IS EDF SPECIALIST IN COMPUTER MODEL DEVELOPMENT RELATED TO LONG-TERM CAPITAL GOODS INVESTMENT AND TARIFF REQUIREMENTS; CARZON, MEMBER OF "DAFICO'S"

(PHONETIC) MIDDLE EAST AND FAR EAST OVERSEAS DEVELOPMENT DEPARTMENT, IS TO DISCUSS UTILITY TECHNICAL TRAINING AND MANPOWER MANGEMENT.

(B) THIRTEEN MAN KOREAN TEAM WILL VISIT EFF MAY 19 THROUGH 27 TO REVIEW IN DEPTH EFF ORGANIZATION, OPERATION AND TECHNICAL MANPOWER UTILIZATION AS A MODEL FOR PLANNED NATIONALIZATION OF KOREA ELECTRIC CO. (KECO); TEAM HEADED BY KDI, CONSISTS OF REPRESENTATIVES OF MINISTRY OF COMMERCE AND INDUSTRY (MCI), ECONOMIC PLANNING BOARD (EPB) AND KECO. TEAMS'S VISITS IN EUROPE AND U.S. BEING COVERED SEPTEL.

(C) PIERRE SUDREAU WILL VISIT HERE WEEK OF APRIL 4. SUDREAU IS CHAIRMAN OF FAR EAST ASIAN COMMITTEE OF THE DEFERATION OF FRENCH INDUSTRIES, AND HAS BEEN ASSURING KOREANS THAT STABLE ECONOMIC RELATIONS BETWEEN KOREA AND FRANCE WOULD NOT BE INFLUENCED BY OUTCOME OF 1978 FRENCH GENERAL ELECTIONS.

(D) FINALLY, FRENCH INDUSTRIAL TECHNOLOGY SHOW IN SEOUL HAS BEEN SCHEDULED FOR LATE OCTOBER.

2. KEY OBJECTIVE OF FRENCH EFFORTS IS TO ENHANCE PROSPECTS FOR FRAMATOME BID FOR ROK NUCLEAR POWER PLANTS 5 AND 6. KECO IS SCHEDULED TO AWARD UNIT 5 AND 6 CONTRACT IN AUGUST. AT THIS TIME SOME GOVERNMENT CIRCLES AND KECO MANAGEMENT HAVE DIFFERENT PREFERENCES IN CHOICE OF NUCLEAR STEAM SUPPLY SYSTEM SUPPLIER FOR UNITS 5 AND 6. KECO PREFERS A U.S. SUPPLIER (READ WESTINGHOUSE) FOR A NUMBER OF REASONS RELATED TO KO-RI 1 AND 2 WORKING RELATIONSHIPS. SOME OFFICIALS IN KDI, MCI AND EPB ARE CONFIDENTIAL

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CONVINCED THAT KECO MANAGEMENT LACKS BOTH COURAGE AND COMPETENCE WHICH RESULTS IN THE COMPANY BEING CAPTIVE OF ITS SUPPLIERS AND CONCLUDE A NON-WESTINGHOUSE SUPPLIER WOULD PROVIDE DIFFERENT TECHNICAL PERSPECTIVES AND LEARNING OPPORTUNITIES. IN ADDITION, SOME STAFF MEMBERS OF THE MINISTRY OF SCIENCE AND TECHNOLOGY (MOST) ARE INTRIGUED BY THE POSSIBILITY THAT PURCHASE OF A FRENCH REACTOR COULD LEAD TO FUTURE SPENT FUEL REPROCESSING ARRANGEMENTS WHICH INVOLVE LEASING KOREAN PLUTONIUM TO FRANCE FOR USE IN FRENCH BREEDER REACTORS. AT THE POLITICAL LEVEL, ROK CAN BE ASSUMED TO BE ACTIVELY CONSIDERING ADVANTAGES AND DISADVANTAGES OF DIVERSIFYING SOURCE OF NUCLEAR TECHNOLOGY, EQUIPMENT AND FUEL SUPPLY.

3. AS FOR FINANCING, ACCORDING TO LIM YOUNG-KYU, (DIRECTOR, BUREAU OF TECHNICAL COOPERATION, MOST) WHO ACCOMPANIED NAM TO PARIS, FRENCH LONG-TERM LOAN CONDITIONS FOR REACTOR PURCHASES ARE FAVORABLE TO KOREA BUT U.S.

LOAN CONDITIONS COULD BE EQUALLY FAVORABLE. FRENCH LOAN  
CONDITIONS HAVE BEEN FORWARDED TO BECHTEL, KECO CONSULTANT,  
FOR ANALYSIS.

4. IN VIEW OF BROADER ASPECTS OF THIS PROJECT AND  
STRONG INTEREST ON PART OF THREE PWR SUPPLIER NATIONS  
(U.S., FRANCE-FRAMATOME, AND FRG-KRAFTWERKE UNION) EMBASSY  
WILL CLOSELY FOLLOW DEVELOPMENTS AND FORWARD RECOMMENDATIONS  
FOR POSSIBLE USG ACTION.  
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## Message Attributes

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